

# ALERT

## BENEFIT LEGISLATION

Volume III, Number 2

### ***Legislative Provisions Affecting CalSTRS Benefits as of November 7, 2003***

Each year, legislation is introduced that would, if enacted, improve benefits paid to some CalSTRS members who retire in the future. If you are considering retiring soon, you might be interested to know what bills of this type have been introduced thus far in the 2003-04 Legislative Session. These bills are summarized below to assist you in your retirement planning. Since all legislative proposals are subject to change during the legislative year, please see the box below for informational resources to help you stay current on the latest benefit provisions.

#### ***Benefit Legislation Alert***

summarizes only the benefit-increasing provisions that apply to CalSTRS members retiring in the future.

Generally, when legislation becomes law, unless the bill states otherwise, the benefits become effective on the next January 1 and apply to members who retire on or after the bill's effective date. If passed, the bills summarized in this *Alert* will become effective on January 1, 2004, unless otherwise indicated.

While CalSTRS makes every effort to keep its members informed about changes in its benefit structure, it cannot safely predict what the Legislature and Governor may do that might be of interest to you.

For this reason, you should stay informed about possible benefit changes by consulting the CalSTRS web site ([www.calstrs.com](http://www.calstrs.com)), the CalSTRS Call Center (800-228-5453), CalSTRS retirement counselors, your union representative (if applicable), your legislative representative and any other source that you believe would be helpful before you make any final decision about retirement.

You are ultimately responsible for any decision you make in regards to your CalSTRS benefit.

### **Legislation Signed Into Law**

#### **Chapter 313, Statutes of 2003 (AB 1207—Corbett)**

Authorizes two retirement incentive programs for members of the Defined Benefit Program. The first program, which provides an additional two years of service credit, takes effect January 1, 2004, and has no ending date. The second program provides two additional years of service credit **and** adds two years to the age factor calculation that determines the benefit of a retiree. Members retiring under the second program must do so within the window periods established by their employer. While your employer may establish window periods for future school years, they must take formal action to establish these window periods no later than December 31, 2004.

The additional two years of service credit provided by either program may not be used to qualify for benefit enhancements, such as one-year final compensation, longevity bonus or career factor. Those who retire under either program forfeit the increased benefit if they return to work for any school district, in any capacity, for a period of one year after their retirement. In addition, the increased benefit is also forfeit if the retired member returns to work for the district that provided the incentive within five years of retirement. Formal action must be taken by the governing board of the employing school district, community college district or county office of education to offer these retirement incentive programs.

### **Pending Legislation**

#### ***(To be taken-up again in January 2004)***

#### **SB 102 (Burton)**

Allows up to two-tenths of one year of unused sick leave to count towards qualifying for one-year final compensation, longevity bonus and other benefit enhancements. Also exempts DB Program members and CB Benefit Program participants who are called to uniformed service from paying employee contributions for one year, if the period of service occurs between September 11, 2003, and July 30, 2005.

**CALSTRS**  
HOW WILL YOU SPEND YOUR FUTURE?